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Major News Releases and Speeches

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U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John R. Block, National Association of Towns and Townships, Washington, D.C., Sept. 4, 1981

About nine months ago, after I had accepted President Reagan's call to serve as his Secretary of Agriculture, I fully realized that I would be facing a number of difficult situations during the first year. I knew that bringing an effective end to the Soviet grain embargo would certainly be a top priority. At the same time, we would have to work on new farm legislation, trim the budget and develop an intensified program to increase the sale of agricultural products abroad.

I can assure you, however, that never in my wildest dreams did I imagine that a little beady-eyed Mediterranean Fruit Fly would buzz into my office and plant itself on my desk.

The infestation of the fruit fly is, of course, a very serious matter that has gained attention from around the world. Until a few months ago, many people didn't know much about the Medfly. I would guess that most people didn't even know that such a menace even existed.

There was something else that many people didn't know about. They didn't realize how important the fruit and vegetable business is to this nation. They didn't realize that it is a multi-billion-dollar industry that affects millions of people around the world. Most of us were just satisfied that the fruits and vegetables would be on the grocery shelves. But the Medfly situation created a new interest in agriculture, and it took a potential disaster to create this interest.

If you stop to think about it, this entire nation faced a similar situation on a much broader scale. For many years—even decades—many of us didn't really think too much about the national economy. It had it's ups and downs, but it took a long time before it became a top priority in our thinking.

Meanwhile, this economy was slowly being victimized by an infestation of its own—an infestation by free-spending politicians who were planting the seeds that would lead to double-digit inflation. And as the infestation burrowed deeper into our economy, it began to

finance its spending habits by taxing the incentives right out of our personal and business lives. Slowly we witnessed a decline in our productivity, a destruction of our American dream—and probably most serious of all—a deterioration in the faith Americans have in their government.

At the same time that all of this was happening, we also saw a gradual shift in government responsibility—a shift away from towns, and townships, and counties and states—a shift towards the buildings and offices of Washington, D.C. Responsibility was slowly taken from the grassroots and put into the hands of people who—regardless of how professional they did their jobs—did not understand the true needs of each individual American community. They did not understand, because they did not live and work with the people of those communities.

This was the situation that President Reagan stepped into when he took his oath of office last January. Shortly after he assumed office, he received assurances from his aides that the United States Government was running normally. When the President heard this report, his only comment was: "What makes you think I'd be happy about that?" The President's point was well taken. He knew that he was elected last November because the people of this nation wanted something different than what had been previously regarded as "normal."

I think it is fair to say that we have seen some great results already. On the economic side, we have been able to bring about a major reform in the federal budget, and we have secured passage of the largest single tax cut in the history of this nation. Just as important are the changes being made in the transfer of responsibility back to the grassroots where it belongs.

This transfer of responsibility is an integral part of our thinking in the Department of Agriculture as we turn our attention toward the area of rural development. The national objectives for rural development are spelled out in the Rural Development Policy Act, but our blueprint for reaching those objectives is just now unfolding.

Our first order of business will be to reduce the size and scope of our program activity—enough to put the emphasis of the program where it should be. For several years now, the federal government has used rural development programs and funds to encourage a wide range

of community projects in urbanizing areas. Grants of federal money have even been used to sponsor studies and plans aimed at teaching communities how to ask for federal funding for various projects.

The money that we save by not spending in urbanizing areas will be put to use in the truly rural areas where the need is greater, and resources are fewer. We all know that many of the smaller rural communities do not have the full-time professional staff needed for planning the locally supported projects. We hope to change this. The Farmers Home Administration, for example, will spend more time working with these smaller, rural communities so that they can benefit from the professional services required for first-rate rural development.

Along with this professional counseling, we will be stressing the need for more local financing. This is important, not only from the standpoint of transferring responsibility—but it should also help ease the strain of government competition in the money markets.

President Reagan would like for you to view this transfer of responsibility as an opportunity to help rebuilt this nation's economy. It is the most important aspect of his economic program, because it underscores his sincere belief in the people of the United States. But the President cannot do it alone. He needs people like yourselves to provide the strength, and power, and—yes, the patience—to let it happen. The President wants to clear the road—and he'll do it. The rest will be up to you.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement of Richard A. Smith, Administrator, Foreign Agricultural Service, United States Department of Agriculture, before the Committee on Agriculture Subcommittee on Livestock, Dairy and Poultry, U.S. House of Representatives, Sept. 10, 1981

I welcome this opportunity to discuss the sale of government-owned butter to New Zealand. This topic has generated some public criticism which is based on very few facts, and I am pleased to have the opportunity to set the record straight.

On August 5, the Commodity Credit Corporation (CCC) agreed to sell 100,000 metric tons of its uncommitted butter stocks to the New Zealand Dairy Board for $155 million. That is 220 million pounds at about 70 cents per pound, ex-warehouse.

My purpose today is to set forth briefly why it was wise to sell this butter, why it was sold to New Zealand, to comment on the terms of the sale, and to answer any questions that remain about this transaction.

As I said, the butter was sold on August 5, a month ago. But the stage was set for the sale a long time ago—almost four years—with the passage by the Congress of the Food and Agriculture Act of 1977. Among its other provisions, this legislation raised the minimum support price level for milk from 75 percent of parity to 80 percent, and, to account for inflation, it required that the support price be adjusted twice a year to reflect changes in the parity index.

Farmers reacted to this incentive as you might expect: they took steps to increase production of milk, and they succeeded.

The decline in the number of operations with milk cows slowed—from 6 percent in 1978 to 5 percent in 1979 and 4 percent last year. Herd sizes were increased. Milk cow numbers rose above year earlier levels in February of 1980 for the first time in 28 years. For all of 1980, cow numbers averaged 72,000 above 1979 levels. Per cow and total output increased. Milk production in 1980 reached 128.4 billion

pounds, the largest yearly production on record and 4 percent above 1979.

When this administration took office in January, milk production had significantly exceeded domestic commercial needs for a year-and-a-half, and producers were geared to go higher. As of January 1, dairy herd replacements totaled 4.4 million head, about four-and-a-half percent more than the preceding year and the largest number in 15 years. With more cows and greater output per cow, milk production continued to increase, rising 3.4 percent in the first seven months of this year over the same period in 1980.

The CCC, charged with maintaining milk prices at support levels by buying butter, cheese, and nonfat dry milk, was forced to increase its already heavy purchases, which in the case of butter had increased last year by 205 percent to about 260 million pounds.

The CCC bought more butter in the first six months of this year than it had bought in the entire year in 1980. By the end of June, CCC owned about 430 million pounds of uncommited butter stocks, and the Department estimated that these stocks would increase to more than 500 million pounds by October 1.

The cost of this dairy support activity is high. The value of the 430 million pounds of butter represented an outlay of more than $605 mfllion. Storing it would cost about $105 million yearly—about $15 million in storage charges and $90 million in interest costs of carrying the stocks at today's interest rates. In addition, butter begins to go out of condition after long storage, and some of the current stocks have been held since May 1979.

To ease this problem, the Administration early this year proposed to the Congress that the new farm bill provide for dairy supports at a more realistic level. But that would be a solution for the longer term, and it has been up to the Department of Agriculture to deal with the burden of accumulating stocks.

We surveyed the options. CCC policy precludes the sale of butter domestically at less than 110 percent of the purchase price, and, in any event, to undercut the wholesale price of butter would be contrary to the support program's purpose of market stability. Domestic school lunch and other donation programs use only about 110 to 115 million pounds a year.

We turned to the foreign market and, after analyzing the world supply/demand situation, we concluded that the world market could take about 220 million pounds of butter—about half our stocks—without significant disruption.

With the U.S. support price 40 cents or more over the world price for butter, the only choice was to get into the world market with subsidized exports of butter. Normal business practice in this situation would be to put the butter up for bids by exporters for resale on the world market, where the price at that time was around $1.05 per pound delivered in Europe.

We had two problems with this. First, the greatest demand for butter was in the Soviet Union, and the judgment within the Administration was that for the United States to sell butter at subsidized prices to the Soviet Union would be to send the wrong signal to the Kremlin during a very tense period in foreign relations. Second, we are very conscious of the U.S. commitment to open and nondiscriminatory world trade and of our obligations under the General Agreement on Tariffs and Trade (GATT).

As the Committee members know, this country has traditionally pursued a policy of liberal trade, and under it has built agricultural exports into a $45-billion yearly business—a business that is still growing, despite the protectionist tendencies and the non-tariff and other barriers thrown up by some of our trading partners.

The United States worked hard to reduce these barriers in the Multilateral Trade Negotiations in Geneva, and particularly to negotiate the Subsidies Code to try to deal with the growing problem of subsidized exports.

In recent months we have begun to publicly challenge the use of subsidies as unfair and disruptive of trade. We have challenged Japan's use of subsidized rice exports and the European Community's increasing use of subsidies on exports of wheat, flour and poultry, and we are gaining support in these efforts from third countries.

To unload 220 million pounds of subsidized butter on the market could call into question the sincerity of these U.S efforts to restrain the use of subsidies by other nations.

The sale to the New Zealand Dairy Board offered the best solution to these problems. First, the Board gave assurance that it would not

sell the butter to Russia. Second, New Zealand depends on dairy products for 22 percent of its total export earnings, and there is no way that the New Zealand Dairy Board, one of the world's leading traders of butter and butter oil, is going to do anything to disrupt world markets.

The contract, as I said earlier, calls for the sale of 220 million pounds of butter at about 70 cents a pound for delivery between Sept. 1 this year and June 30, 1982. This will reduce the current uncommitted CCC stocks by half, permit CCC to recover almost half its investment in the butter sold, and eliminate storage and interest costs of about $30 million per year upon completion of the sales.

The price of 70.3 cents compares unfavorably with the world butter price in early August of about $1.02 per pound. However, that comparison is an apples and oranges proposition.

World prices are for fresh, unsalted butter of 82 percent butterfat at major European ports. The CCC butter is salted, it is 80 percent butterfat, and some of it is over two years old.

If you adjust the 2 percentage points of butter fat and the cost of shipping to Europe, the best price to be expected for CCC butter at the warehouse would be around 85 to 90 cents per pound. And that does not take into account discounting for the age of the butter or converting to butter oil.

Much has been made of the so-called "veto power" accorded the New Zealand Board over further sales of government-owned butter during the life of the contract. As I suggested a few minutes ago, we had calculated that the world market could take only about 220 million pounds without disruption and we had no plans to sell more. We discussed this with the New Zealand Board in connection with their plans to dispose of our surplus, and we put this aspect in writing at their request.

This provision in no way restricts U.S. exporters from making commercial sales, nor does it affect butter sent abroad for aid or welfare uses.

As to the terms of payment, ownership of the butter will pass from the CCC to the dairy board when the butter is loaded at the warehouse, and the board will pay cash against documents within six months after the invoice date.

In our view, this arrangement is fair. Given the time lags for shipping, conversion and resale it likely will be at least six months before New Zealand can get its money out of its transactions, which represent a significant increase over its normal activity.

We also agreed to negotiate sale prices up or down during the life of the contract to reflect changes in the world market price. This was done after the Board suggested that the added butter on the market, changes in dollar value and other factors could bring prices down at their expense. This is not likely; world prices are strong and probably will remain strong, and we don't expect New Zealand to request a change.

You can find fault with any contract, and this one is no exception. However, we feel it was made on the best terms and conditions possible under the circumstances.

Our whole purpose was to negotiate a contract of mutual benefit to New Zealand and the United States—to get rid of half our costly CCC stocks in a way that would prevent windfall gains and at the same time prevent New Zealand from taking a loss, while preserving U.S. integrity as a trading partner.

I believe we have accomplished that. We have eased the surplus burden—for now. But the basic problem remains, and it lies in this USDA projection: given the current estimated levels of disposition each year, CCC butter stocks will increase to 877 million pounds by the end of fiscal year 1986 if milk prices are supported at the current minimum level of 75 percent of parity specified in the reconciliation bill.

That concludes my statement, Mr. Chairman; I will be glad to answer any questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

U.S., CHINA CONSULT ON GRAIN TRADE

WASHINGTON, Sept. 4—U.S. grain shipments to China are likely to increase somewhat during the balance of this calendar year, Secretary of Agriculture John R. Block said at the conclusion of the first annual consultation under the four-year U.S.-China grains agreement here.

Block said thus far, sales of U.S. grains for delivery to China during the first year of the agreement, which began Jan. 1, total 6,628,700 tons of wheat and 214,300 tons of corn. Through mid-August, 4.7 million tons of wheat and all of the corn had been shipped.

Sales to date for delivery during the second year (Jan.- Dec. 1982) total 660,000 tons of wheat.

He said because U.S. supplies are ample, the Chinese were advised that for this year, the normal prior notice to the United States will not be necessary if the Chinese want to buy more than 9 million tons.

Under terms of the agreement, the Chinese each year will buy at least 6 million tons of wheat and corn, and must give prior notice to the United States before purchasing above 9 million tons. The agreement calls for regular consultations whenever requested by either side.

Block said during the discussions, it was recognized the final amount of U.S. grain purchased by China for the balance of the year would depend on world market conditions and grain prices from competing countries.

The U.S. delegation for the first regular session of annual consultations was headed by Richard A. Smith, administrator of USDA's Foreign Agriculture Service. The leader of the Chinese delegation was Zhang Jianhua, president, China National Cereals, Oilseeds and Foodstuffs Import and Export Corporation.

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USDA RELEASES MOST IMPOUNDED AUSTRALIAN MEAT

WASHINGTON, Sept. 4—Based on laboratory test results and ongoing investigations by U.S. and Australian authorities, Assistant Secretary of Agriculture C.W. McMillan today announced the U.S. Department of Agriculture has released into commerce most of the Australian beef impounded since Aug. 25.

Only meat from the state of Victoria, which has 51 of Australia's 200 plants certified to export to the United States, will remain impounded, McMillan said. Victoria product represents about 19 percent of the Australian beef presently in the United States.

"We will continue to impound beef from Victoria because test results show the presence of horse meat in boneless beef shipments from plants in that state," McMillan said. "Jason Meats—Establishment No. 622—located in Abbotsford, Victoria, has been removed from a list of approved exporters to the United States because USDA confirmed horse meat Sept. 2 in a shipment from that plant," McMillan said. "The shipment was in a processing facility in Ft. Wayne, Ind."

He said Australian Minister of Primary Industry Peter Nixon has announced the discontinuation of operations at all independent boning plants in Victoria for at least 30 days to facilitate the investigation there.

As a result of testing done in early August, USDA discovered horse meat in shipments of boneless beef from the Profreeze plant, Richmond, Victoria. On Aug. 25, USDA impounded all boneless beef imports from other Australian establishments and initiated testing on representative samples to determine if the problem was more widespread.

According to McMillan, scientists with USDA's Food Safety and Inspection Service tested samples from nearly 66 million pounds of product. The imports were traced to more than 1,500 locations throughout the United States and its territories.

"Recent tests on Profreeze product held at the docks in New Jersey have confirmed the presence of kangaroo meat as well as horse meat," McMillan said. "To date, these are the only valid findings of kangaroo meat.

"USDA has prohibited all boneless beef from Profreeze for use as human food," McMillan said. "Most of it has already been destroyed."

USDA removed the plant from a list of approved exporters Aug. 13.

McMillan said cooperative investigations by the Australian government and USDA's Office of the Inspector General are continuing. With the assistance of USDA, the Australian Bureau of Animal Health is strengthening measures to prevent adulterated and mislabeled product from entering the United States, he said. USDA is conducting a stringent species monitoring program on all meat imports.

McMillan said USDA will continue implementing a series a steps designed to protect American consumers and business interests: spot-checking for species determination of all boneless meat imports; requiring that all countries shipping boneless meat to the United States initiate a species monitoring program; and reviewing compliance activities within major exporting countries to assure their controls maintain the integrity of meat exports destined for the United States.

"The American meat industry is cooperating in our effort to retain all Victoria boneless beef until it can be determined that the meat was inspected, approved and properly labeled in Australia," McMillan said.

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USDA RELEASES NEW ITINERARY FOR BLOCK'S TRIP TO THE FAR EAST

WASHINGTON, Sept. 8—Secretary of Agriculture John R. Block is scheduled to travel to the Far East in October to discuss agricultural trade and related matters with officials in Japan, South Korea and China.

He is now scheduled to leave Washington Oct. 9 and return Oct. 23.

While in Seoul, Block will open a five-day conference of agricultural counselors and attaches stationed at U.S. embassies in the East Asian and Pacific area. The conference will cover trade problems and U.S. objectives in these overseas markets.

During his visit to Beijing, Block will cut the ribbon to open a model demonstration bakery sponsored by U.S. Wheat Associates Inc.

in cooperation with the U.S. Department of Agriculture. At the bakery, the Chinese will learn to prepare Western-style bakery goods, using imported wheat from the United States.

Block's revised itinerary:

Oct. 9	Depart Washington, D.C.
Oct. 11-13	Seoul
Oct. 14-15	Tokyo
Oct. 16-19	Beijing
Oct. 20-21	Shanghai
Oct. 22	Hong Kong
Oct. 23	Return to Washington, D.C.

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USDA TO END GRAIN QUOTATIONS ON CHICAGO CASH RAIL SALES

WASHINGTON, Sept. 9—U.S. Department of Agriculture market news quotations based on cash grain rail trading in Chicago will end April 1 because the volume of grain traded on this basis has declined so much it is no longer representative of the U.S. grain market.

"The fact that industry uses the cash quotations so widely is a source of concern," said Thomas H. Porter, an official with USDA's Agricultural Marketing Service. "It's our position that we should not continue to issue quotations when changing market patterns have resulted in only limited activity in the market.

"We've discussed this decision with grain industry representatives and they generally agreed that the limited cash rail trade in Chicago is a weak basis for quotations.

"However, we agreed to continue the quotations until April 1 to give time for the industry to adjust."

Other grain information issued from the USDA Chicago grain market news office will continue as usual.

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FREE TOBACCO INSPECTION TO END; USDA PROPOSES USER FEES FOR TOBACCO INSPECTION

WASHINGTON, Sept. 9—The U.S. Department of Agriculture will accept comments until Sept. 22 on a USDA proposal to institute a user fee for mandatory inspection of tobacco at auction markets beginning Oct. 1.

USDA has provided free tobacco inspection since 1935. The charge is required by the Omnibus Reconciliation Act of 1981, according to Paul T. Donovan, acting tobacco division director of USDA's Agricultural Marketing Service.

The proposed user fee is $.0045 per pound of tobacco inspected, Donovan said. The proposal would also amend regulations to increase appeals charges from $1 to $5 and provide for the establishment of a committee of ten people to advise USDA about inspection levels, services and fees.

Donovan said permissive inspection provided on request would cost $17.80 per hour, $21.30 per hour for service outside the inspector's regular tour of duty and $26.70 an hour for services on holidays and Sundays.

The fee for mandatory inspection will be paid by the seller and collected by the warehouse operator. Inspection and related services will be suspended if the warehouse operator fails to collect or pay the fee, he said.

Membership on the new committee—the National Advisory Committee for Inspection Services—will include six representatives from the flue-cured area, three for the burley area, two for the fire and dark-air cured area and one from the cigar tobacco production area. Recommendations for membership will be solicited from farm bureaus in Georgia, Florida, South Carolina, North Carolina, Kentucky, Tennessee and Virginia, as well as from the North Carolina Grange and the National Cigar Leaf Tobacco Association, Inc.

The proposal is scheduled to be published in the Sept. 9 Federal Register. Comments may be sent to Paul T. Donovan, Tobacco

Division, AMS, USDA, Rm. 502-Annex, Washington, D.C., 20250. The comments will be available for public inspection at the same address.

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USDA PROPOSES REVISED GRADE STANDARDS FOR ORANGE JUICE

WASHINGTON,Sept. 10—The U.S. Department of Agriculture is proposing to revise the grade standards to allow for a sweeter-tasting orange juice.

"The industry now has the capability to produce a sweeter-tasting frozen concentrated orange juice without increasing the sugar content," said Mildred Thymian, administrator of USDA's Agricultural Marketing Service. "However, this new product, 'reduced acid frozen concentrated orange juice,'isn't covered by U.S. standards. Therefore, USDA developed and is proposing a voluntary U.S. grade standard for this product.

If this proposal is adopted, there will be eight orange juice standards—each covering a different type. The seven existing orange juice standards cover canned, frozen concentrated concentrated for manufacturing, canned concentrated, dehydrated, pasteurized and orange juice from concentrate.

Under the proposal, USDA would raise the maximum sugar to acid ratio from concentrated orange juice for manufacturing from 20:1 to 24:1. This would allow more flexibility in blending juices to produce the finished product, Thymian said. Most concentrated orange juice for manufacturing is used to produce other forms of orange juice.

USDA is also proposing to eliminate alternate grade names, such as U.S. Fancy or U.S. Grade A, from each of the standards in favor of single-letter like US grade A.

The proposal will be published in the Sept. 11 Federal register, available in local libraries. Written comments, in duplicate, should be sent before July 30 to the hearing clerk, USDA, rm. 1077-S, Washington, D.C., 20250.

USDA's Agricultural Marketing Service develops grade standards and provides official grading services. Use of the standards and services is voluntary and is paid for by the user.

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FALLING WORLD SUGAR PRICES TRIGGER IMPORT FEES

WASHINGTON, Sept. 10—In response to rapidly declining prices on the world sugar market, Secretary of Agriculture John R. Block today imposed a raw sugar import fee of 1 cent per pound and a refined sugar import fee of 1.52 cents per pound, effective Sept. 11.

These actions are mandatory under terms of a 1978 presidential proclamation, Block said.

At present, there is no import fee for raw sugar; the import fee for refined sugar is 0.52 cents per pound. These rates have been in effect since October 1979.

He said world sugar prices have fallen sharply in recent weeks because almost all major producing countries expect large crops this year. In particular, Block said, bumper crops in the countries of the European Economic Community could mean larger quantities of subsidized white sugar exports at market-depressing prices.

The flexible system of import fees for sugar and sirups provides for automatic import fee adjustments in response to changes in world prices. Normally, such adjustments are made quarterly.

However, if the moving average world price of raw sugar, New York landed basis, falls below 14 cents per pound for 10 market days, the fee for raw sugar must be increased by 1 cent. The base period for the current change is Aug. 24-Sept. 4, during which time the average price—as calculated from spot quotations issued by the New York Coffee and Sugar Exchange—was 12.37 cents per pound.

Block said shipments in transit are exempt from within-quarter changes in import fees such as the one announced today. However, the regular quarterly fee adjustment will be effective Oct. 1, and shipments in transit are not exempted from that adjustment, he said.

The fee for the fourth quarter of 1981 will be based on a 20 market-day period from Aug. 21 to Sept. 18.

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PLANT EXPLORER JOHN CREECH NAMED 1981 MORRISON MEMORIAL LECTURER

WASHINGTON, Sept. 10—John L. Creech, formerly a world-wide plant explorer for the U.S. Department of Agriculture, will present the 1981 Morrison Memorial Lecture sponsored by the USDA's Agricultural Research Service.

Creech, who traveled widely in search of plants before he retired as director of USDA's National Arboretum last year, will speak on "Japan and Its Contributions to American Horticulture" at 11 a.m. Sept. 27 before the 36th annual meeting of the American Horticultural Society at the Park Plaza Hotel in Boston.

Terry B. Kinney, Jr., ARS acting administrator, said the lecture series, now in its 14th year, commemorates the life and work of B. Y. Morrison (1891-1966), the first director of the National Arboretum, located in Washington, D.C.

Creech was the Arboretum's third director and a long-time horticulturist with ARS, which operates the Arboretum.

"Creech is the acknowledged world leader in the field of plant explorations for ornamental plants," Kinney said. "His success in searching out new plant species has greatly enhanced U.S. horticulture."

On his trips, the plant explorer specialized in wild ornamental trees and shrubs of the Far East, with particular emphasis on azaleas, camellias and hollies. Among the many countries he has visited, Creech has said he considers Japan the major contributor to plants in U.S. gardens and parks.

Today, Creech continues his research and is active in the development of U.S. germplasm storage banks to conserve the genetic resources of ornamental and crop plants.

Creech began his horticultural career in 1947 when Morrison employed him at the Office of Plant Exploration and Introduction, the office then directing the Arboretum.

Before becoming Arboretum director in 1973, Creech was the horticulturist in charge of the U.S. Plant Introduction Station at Glenn Dale, Md., and then was head of the New Crops Research Branch of ARS.

While in the army during World War II, he spent time in a German prisoner-of-war camp in Poland, where he grew greenhouse vegetables which augmented the prisoners' meager supply of food. The U.S. Army awarded him a decoration for his efforts in helping keep his fellow prisoners alive.

The recipient of the Meyer Memorial Medal from the American Genetic Association and other awards, Creech prepared the official U.S. position paper on germ-plasm resources in crops for the U.N. Conference on the Environment in Sweden.

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LYNG URGES DAIRY PROGRAM CHANGES

LOUISVILLE, Ky., Sept. 10—Deputy Secretary of Agriculture Richard E. Lyng today appealed to the nation's dairy farmers to endorse a realistic dairy price support program as a first step to restoring economic good health to the dairy industry.

Speaking to the Great Lakes-Southern Milk, Inc., annual meeting, Lyng cited growing government-held dairy surpluses, the decline in the demand for milk products, and high costs of present dairy support programs as serious economic problems in the industry.

Lyng pointed out that by Oct. 1 the federal government will have spent a net of $1.89 billion this fiscal year on dairy price supports; that the government will own the dairy products made from 16.4 billion pounds of milk; and that per capita dairy consumption continues to drift downward.

"In the face of those disappointing statistics, dairy farmers have increased the number of young replacement heifers to 4.6 million head, about 6 percent more than last year, and the highest number in 15 years. It is obvious that the present dairy price support program—not the commercial market—has been the attraction for holding more heifers," Lyng said.

"I agree with the growing number of dairymen who say that the path to a vigorous dairy economy is to rely less on government price guarantees and rely more on voluntary efforts and industry-sponsored long range market expansion," Secretary Lyng said. "I agree also that the present dairy support program is standing in the way of an improved economic climate for dairymen, and until changed, the present program will merely deepen the problems in the industry."

Lyng said that the administration's recommendations for dairy price supports in a range of 70 to 90 percent of parity, adjusted annually, would help dairymen work their way out of trouble. The dairy price support minimum would be no less than $13.10 per hundredweight. If net government outlays for dairy price supports exceeded $750 million in any marketing year, the secretary of agriculture would be authorized to forego the annual adjustment. "This is a program that will help dairymen gradually work their way out of trouble and build markets for the future. It is a market oriented concept that will lead to increased dairy consumption, which is what all dairymen want," Lyng said.

"In the long run, increased dairy consumption will raise dairy profits, while increased government-held dairy stocks will depress prices and stifle opportunity," Lyng said.

Lyng also called on dairymen to voluntarily cull their herds more vigorously. "At today's costs, some of the dairy cows aren't making the owners any money, anyway," Lyng said. "Those cows that are operating below the break-even level are costing the owners money and their production is adding to the government-held dairy surplus and to government costs.

"Make no mistake about it," Lyng said, "those costs add to government deficits and to government borrowing. This helps elevate interest rates and raises the inflation rate. Dairymen can help themselves and their country by culling harder," Lyng said.

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